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## Letter Ruling 78-11: Wages Paid During Calendar Year to Cash Basis Taxpayer

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August 21, 1978

A taxpayer who reports his income on the cash basis method (as most individuals do), rather than the accrual basis method, will report his income in the year in which it is received. The receipt may be actual or constructive.

In the situation given in your letter dated August 11, 1978 the income earned in December but not payable until the following January would be taxed as income received in the latter year, assuming that the taxpayer is on a cash basis.

Massachusetts General Laws Chapter 62B, Section 5 requires the employer to furnish the employee a statement "in respect of the wages paid by such employer to such employee during the calendar year." Thus the wages earned in December, but, pursuant to the employment contract, not payable until the following January would be reported by the employer on the Form M-2 for the calendar year in which they were paid to the employee.

Very truly yours,

/s/Laurence D. Fitzmaurice

Laurence D. Fitzmaurice  
Commissioner of Revenue

LR 78-11